

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2002-63-G - ORDER NO. 2002-809
DECEMBER 2, 2002

IN RE: Application of Piedmont Natural Gas)
 Company, Inc. for an Adjustment of its Rates)
 and Charges and for Approval of Revised)
 Depreciation Rates.)

ORDER ADOPTING *VOV*
REVISED APPENDIX

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Motion of Piedmont Natural Gas Company, Inc. (Piedmont or the Company) for an amendment of the November 1, 2002 Order (Order No. 2002-761) approving new rates and charges and depreciation rates for Piedmont. The Company moves pursuant to Commission Regulation 103-880(b) that Appendix B to that Order be amended to restate the base load and heat sensitivity factors reflected therein. This would correct a misstatement of those factors contained in the current Appendix B to that Order.

Piedmont notes in its Motion that this Commission adopted and approved the method proposed by Piedmont to determine normalized residential and commercial sales volumes in the present case in our November 1, 2002 Order. The method used by the Company to arrive at these volumes involved the performance of a linear regression analysis utilizing average weather for the past 30 years as the independent variable and actual usage per customer during the test period as the dependent variable. This analysis produces a base load factor (the constant) and a heat sensitivity factor (the X coefficient) for residential and commercial classifications which are then applied to pro forma test

period volumes to arrive at “normalized” volumes. On the basis of this methodology, the Company proposed and this Commission approved the normalized volumes calculated by Piedmont in this case.

In preparing to implement the rate changes approved by the Commission in this case, Piedmont has determined that the base load factor and the heat sensitivity factor reflected on the original Appendix B to the Commission Order are incorrect. According to Piedmont, these factors do not correctly reflect the base load and heat sensitivity factors actually utilized by Piedmont to calculate the normalized volumes approved by the Commission in this case. Instead, the factors currently identified in Appendix B to Order No. 2002-761 are the base load and heat sensitivity factors attributable to Piedmont’s North Carolina operations. These factors were inadvertently reflected in Piedmont’s schedules and were provided to this Commission as a result of a coding error in the spreadsheet utilized by Piedmont to illustrate these factors, according to Piedmont.

Also, according to Piedmont, the North Carolina factors currently reflected on Appendix B to the Order were not the factors actually utilized by Piedmont in calculating the normalized South Carolina volumes approved by the Commission in this case. Instead, those volumes were calculated utilizing the base load and heat sensitivity factors identified on the revised Appendix B attached to the Motion. As such, Piedmont states that the error which it seeks to correct by this filing had no effect on the calculation of normalized volumes for purposes of the rate case.

Piedmont notes that the same statement will not be true for ongoing seasonal adjustments under Piedmont’s WNA mechanism, however, if the base load and heat

sensitivity factors are not corrected. These adjustments will begin to be calculated by Piedmont and recorded on Piedmont's books in early December.

Piedmont states that it regrets the confusion caused by this error, but believes that utilization of Piedmont's North Carolina base load and heat sensitivity factors in ongoing WNA adjustments for South Carolina customers is inappropriate. Accordingly, Piedmont requests that the Commission amend Order No. 2002-761 dated November 1, 2002, by restating the base load and heat sensitivity factors shown in Appendix B to that Order to reflect the factors actually used by Piedmont in establishing the Commission approved normalized volumes in this case. Again, Piedmont has attached to the Motion an amended Appendix B, which shows the correct factors. The Company also requests that the relief sought be granted on or before December 10, 2002 and made effective for usage on and after November 1, 2002. We would note that there is no opposition from any of the other parties in this case to this Motion.

We have examined Piedmont's Motion, along with the factors in the original Appendix B to Order No. 2002-761, and the factors in the modified proposed Appendix B. Our examination reveals that Piedmont is correct in its assertions in its Motion, and the Company's original base load and heat sensitivity factors as shown in the original Appendix B are indeed incorrect. Further, we agree, after due consideration that the base load and heat sensitivity factors in the revised Appendix B (attached hereto) are the correct factors. Accordingly, we hereby rule that the revised Appendix B as attached hereto shall be substituted for the original Appendix B attached to Order No. 2002-761. This new Appendix contains the correct statement of the proper base load and heat

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Calculation of "R" Values for WNA Computations
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	Base Rate (\$/therms)	Demand (\$/therms)	Commodity	"R" Value (\$/therms)	Heat Factor (therms/DDD)	Base Factor (therms/mo.)
Residential						
Standard Rate	0.91686	0.19655	0.35756	0.36275	0.16177	4.50252
Value Rate	0.74037	0.02006	0.35756	0.36275	0.19414	20.59990
Commercial						
Rate 202	0.84137	0.18405	0.35756	0.29976	0.69377	0.00000
Rate 232						
First 2,000 therms	0.78762	0.13030	0.35756	0.29976	0.49300	356.65745
Over 2,000 therms	0.76062	0.10329	0.35756	0.29976	0.49300	356.65745
Rate 252	0.83880	0.18148	0.35756	0.29976	28.14835	1421.51099
Rate 262						
first 5,000 therms	0.76139	0.10407	0.35756	0.29976	7.42213	8368.10740
over 5,000 therms	0.72785	0.07053	0.35756	0.29976	7.42213	8368.10740

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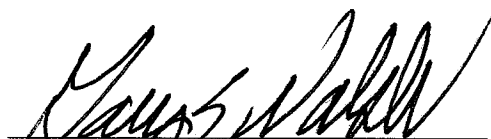
sensitivity factors for this case. We hereby hold that the new factors shall be effective for usage on and after November 1, 2002.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Mignon L. Clyburn, Chairman

ATTEST:


Gary E. Walsh, Executive Director

(SEAL)